

OKTIBBEHA COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2009

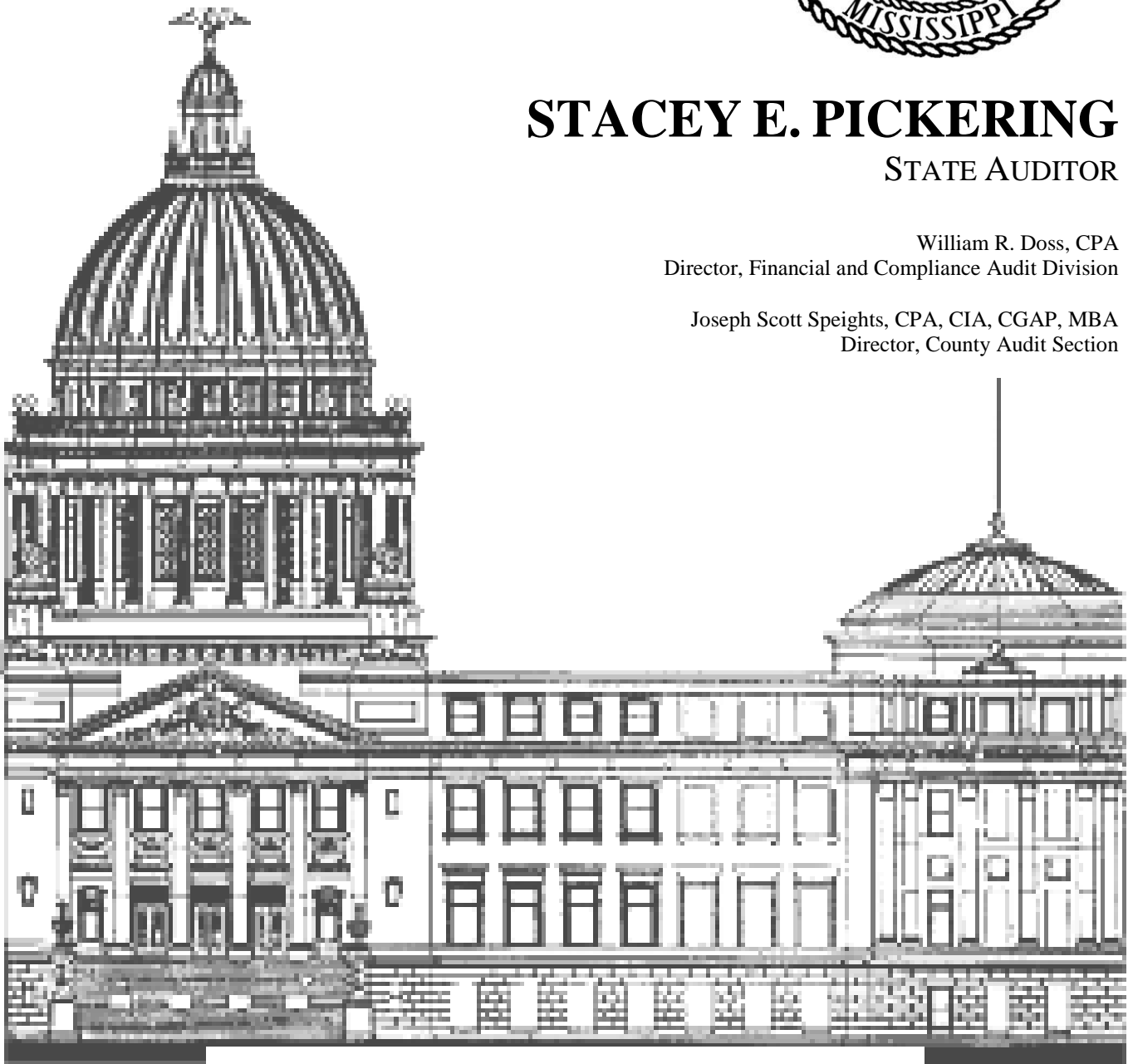


STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA
Director, County Audit Section



A Report from the County Audit Section

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

September 1, 2011

Members of the Board of Supervisors
Oktibbeha, County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2009 financial and compliance audit report for Oktibbeha County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Oktibbeha County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Oktibbeha County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", is written over a horizontal line.

Stacey E. Pickering
State Auditor

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY

FINANCIAL SECTION

OKTIBBEHA COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Oktibbeha County, Mississippi

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Oktibbeha County, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data for the county's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component unit. The county has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues and expenses of the discretely presented component unit would have been presented as \$84,778,907, \$26,953,779, \$57,825,128, \$57,177,733 and \$58,325,193 respectively.

As discussed in Note 12 to the financial statements, the county has not recorded a liability for other postemployment benefits in the governmental activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net assets and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net assets and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component unit, as discussed in the third paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the discretely presented component unit of Oktibbeha County, Mississippi, as of September 30, 2009, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, except for the effects of the matter discussed in the fourth paragraph, the financial statements referred to previously present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of Oktibbeha County, Mississippi, as of September 30, 2009, and the changes in financial position thereof for the year then ended.

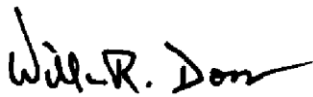
In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Oktibbeha County, Mississippi, as of September 30, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the provisions of Governmental Accounting Standards Board Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* are applicable to the county for the fiscal year ending September 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2011, on our consideration of Oktibbeha County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Oktibbeha County, Mississippi, has not presented the Schedule of Funding Progress – Other Postemployment Benefits that is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

The Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

September 1, 2011

OKTIBBEHA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

INTRODUCTION

The discussion and analysis of Oktibbeha County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2009. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

This discussion and analysis is an element of required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

Oktibbeha County is located in northeastern Mississippi. The population, according to the 2000 census is 42,902. The local economic base is driven mainly by Manufacturing and Mississippi State University.

FINANCIAL HIGHLIGHTS

Oktibbeha County is financially stable. The County has committed itself to financial excellence for many years by using sound financial planning, budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to meet the challenges of the future.

Oktibbeha County continues to grow both economically and in population. This has allowed the County to maintain a steady growth in tax revenues without a significant tax increase.

Total net assets increased \$3,092,810, including a prior period adjustment of \$2,512,433 which represents a 7.71% increase from the prior fiscal year. The County's ending cash balance decreased by \$69,845, including a prior period adjustment of \$34,253, which represents a 0.88% decrease from the prior fiscal year.

The County had \$15,324,385 in total revenues. Tax revenues account for \$9,922,201 or 64.75% of total revenues. State revenues in the form of reimbursements, shared revenue or grants, account for \$2,327,830 or 15.19% of total revenues.

The County had \$14,744,008 in total expenses, which represents a decrease of \$1,415,719 or 8.76% decrease from the prior fiscal year. Expenses in the amount of \$3,170,248 were offset by charges for services, grants or outside contributions. General revenues of \$12,154,137 were adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$9,082,029 in revenues and \$9,270,580 in expenditures. The General Fund's fund balance decreased by \$204,027, including a prior period adjustment of (\$18,343), from the prior fiscal year. The increase cost of medical expenses of inmates awaiting trial is a continuing drain on the county's resources. Oktibbeha County is subsidizing the E911 operations through the General Fund due to the decline in E911 services fees due to the public changing from hard lines to cell phones (students from other counties) and voice over internet which is currently not a source of 911 service fees.

Among major funds, the Countywide Road Maintenance Fund had \$2,288,798 in revenues and \$2,830,038 in expenditures which included \$429,019 in principal and interest payments on capital lease contracts. The Countywide Road Maintenance Fund's fund balance increased by \$276,219 from the prior year which included \$817,459 in issuance of long-term capital debt.

Among major funds, the Countywide Bridge and Culvert Fund had \$1,362,507 in revenues and \$1,576,923 in expenditures which was off-set by the long-term capital debt issuance of \$157,029 and the proceeds from the sale of capital assets in the amount of \$142,500. The Countywide Bridge and Culvert Fund's fund balance had a net increase of \$85,113 over the prior year.

Capital assets, net of accumulated depreciation, increased by \$840,427.

Long-term debt increased by \$309,908.

OKTIBBEHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Figure 1 – Required Components of the County's Annual Report

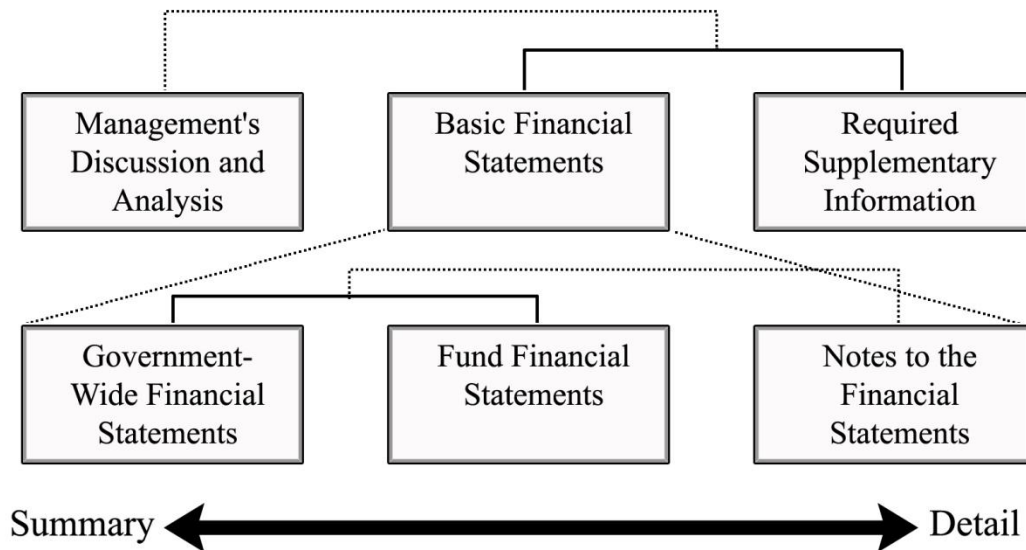


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

Figure 2 summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

OKTIBBEHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Figure 2 – Major Features of the County's Government-Wide and Fund Financial Statements

	Government-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All activities of the County that are not business-type or fiduciary in nature	The County is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital and short and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County finances, in a manner similar to private-sector businesses.

The **statement of net assets** presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

OKTIBBEHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). However, the county had no business-type activities. The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; education; conservation of natural resources; economic development; and interest on long-term debt.

The Government-wide Financial Statements can be found on pages 17 and 18 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 20 and 22, respectively.

The County maintains individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental funds financial statements can be found on pages 19 and 21 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are presented in a separate Statement of Fiduciary Assets and Liabilities, which can be found on page 23 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 24 through 38 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning the County's budget process.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund. This required supplementary information can be found on pages 40 through 42 of this report.

OKTIBBEHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets – Net assets may serve over time as a useful indicator of government's financial position. In the case of Oktibbeha County, assets exceeded liabilities by \$43,203,557 as of September 30, 2009.

By far, the largest portion of the County's net assets (83.98%) reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The county uses these capital assets to provide services to its citizens.

The County's financial position is a product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the County's net assets for the fiscal year ended September 30, 2009 as compared to September 30, 2008.

	Governmental Activities 2009	Governmental Activities 2008
Current assets	\$ 19,554,531	17,278,445
Capital assets, net	<u>38,832,120</u>	<u>37,991,693</u>
Total assets	<u>58,386,651</u>	<u>55,270,138</u>
Current liabilities	11,565,831	11,852,036
Long-term debt outstanding	<u>3,617,263</u>	<u>3,307,355</u>
Total liabilities	<u>15,183,094</u>	<u>15,159,391</u>
Net assets:		
Invested in capital assets, net of related debt	36,283,997	35,822,696
Restricted	2,227,766	1,114,608
Unrestricted	<u>4,691,794</u>	<u>3,173,443</u>
Total net assets	<u>\$ 43,203,557</u>	<u>40,110,747</u>

The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- \$309,908 increase in long-term debt mainly due to financing equipment purchases.
- \$840,427 increase in capital assets mainly due to construction in progress during the fiscal year.

Changes in Net Assets – Oktibbeha County's total revenues for the fiscal year ended September 30, 2009 was \$15,324,385. The total cost for all services provided was \$14,744,008. The increase in net assets was \$3,092,810, including a prior period adjustment of \$2,512,433. The following table presents a summary of the changes in net assets for the fiscal year ended September 30, 2009.

OKTIBBEHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Current Year Amount	Prior Year Amount
Revenues:		
Program revenues:		
Charges for services	\$ 2,142,644	2,568,712
Operating grants & contributions	794,807	1,002,669
Capital grants & contributions	232,797	-0-
General revenues:		
Property taxes	9,922,201	10,176,526
Road & bridge privilege taxes	440,295	403,399
Grants & contributions not restricted to specific programs	1,300,226	1,595,853
Unrestricted interest income	237,994	416,048
Miscellaneous	253,421	238,338
Total Revenues	<u>15,324,385</u>	<u>16,401,545</u>
Expenses:		
General government	5,040,657	4,860,394
Public safety	4,500,458	4,647,211
Public Works	3,960,844	4,498,121
Health and welfare	450,482	418,301
Culture and Recreation	172,297	169,333
Education	198,165	195,698
Conservation of natural resources	122,542	28,718
Economic development & assistance	139,120	1,209,498
Interest on long-term debt	159,443	132,453
Total Expenses	<u>14,744,008</u>	<u>16,159,727</u>
Change in net assets	580,377	241,818
Prior period adjustment	<u>2,512,433</u>	<u>0</u>

Governmental Activities – The following table presents the cost of the major functional activities of the County: General Government, Public Safety, Public Works, Health & Welfare, Culture and Recreation, Education, Conservation of Natural Resources Economic Development and Assistance and Interest on Long Term Debt.

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on Oktibbeha County's taxpayers by each of these functions.

	Total Cost	Net Cost
General government	\$ 5,040,657	4,138,131
Public safety	4,500,458	3,591,641
Public Works	3,960,844	2,625,827
Health and welfare	450,482	426,594
Culture & Recreation	172,297	172,297
Education	198,165	198,165
Conservation of natural resources	122,542	122,542
Economic development & assistance	139,120	139,120
Intrest on long term debt	159,443	159,443

OKTIBBEHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds – At the close of the fiscal year, Oktibbeha County's governmental funds reported a combined fund balance of \$5,585,141, an increase of \$158,732, including a prior period adjustment of (\$207,892). The primary reasons for this increase are highlighted in the analysis of governmental activities. In addition, other factors that affected ending fund balance are as follows:

- The county expenditures exceeded its revenues by \$753,231; however, the use of other financing sources which included the proceeds provided from long-term capital debt in the amount of \$974,488 for equipment financing and the sale of capital assets for \$145,367 off-set the excess of revenues under expenditures by \$1,119,855.

The General Fund is the principal operating fund of the County, and did have a decrease in the year end fund balance from the prior year of \$204,027, including a prior period adjustment of \$18,343.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year, Oktibbeha County revised its annual operating budget on several occasions. Significant budget amendments are explained as follows:

- Budgeted revenues from state and federal sources were amended to account for grants awarded.

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and other major funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of September 30, 2009, Oktibbeha County's total gross capital assets were \$92,630,354. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase from the previous year of \$1,905,570. This includes new road equipment, truck/tractors under lease purchase agreements and \$1,692,841 of bridge and road projects.

Total accumulated depreciation as of September 30, 2009 was \$53,798,234, including \$1,203,855 of depreciation expense for the year. The balance in total net capital assets was \$38,832,120 at year-end.

Additional information on Oktibbeha County's capital assets can be found in note 8 on page 31 of this report.

Debt Administration – At September 30, 2009, Oktibbeha County had \$3,617,263 in long-term debt outstanding. This includes general obligation bonds, other loans and obligations under capital lease. Of this debt \$827,706 is due within one year.

The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value. The County's outstanding debt is significantly below its current limit.

Additional information on Oktibbeha County's long-term debt can be found in note 13 on page 35 of this report.

CURRENT AND FUTURE ITEMS OF IMPACT

Oktibbeha County's current and future continues to look bright. With the recent opening of four large apartment complexes, one in the city and three in the county, we continue to grow. The census showed Oktibbeha county growing over 10% in the last ten years. Mississippi State University will surpass 20,000 enrollment for the first time in history. With the commitment of a large semi-conductor manufacturer to build in the Thad Cochran Research Park with intentions to move their entire operation here, our future looks bright.

**OKTIBBEHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Southwire, Oktibbeha County's largest industrial employer recently completed construction doubling the size of their manufacturing facilities. A new 720 unit apartment complex construction project is nearing completion at this time. Additionally, new businesses and medical facilities have located on the new bypass around Starkville and a new full service hotel is scheduled to start construction soon. Oktibbeha County Hospital has just completed a \$26.5 million dollar expansion project and the County's new \$1.9 million dollar Education building is completed and occupied.

With the completion of the Highway 82 and Highway 25 bypasses around the north and west side of Starkville, the county continues construction on a \$17 million dollar southern bypass that will have a south entrance into Mississippi State University and eventually tie into Highway 45 through a joint regional grant with Lowndes County and tie into Highway 12 West at Longview 5 miles west of Starkville. The opportunity for new businesses to build on these highways and county roads should have a positive impact on Oktibbeha County's growth and subsequently the assessed value.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the Oktibbeha County Administrator's/Chancery Clerk's office at P.O. Box 80285, Starkville, Mississippi 39759.

OKTIBBEHA COUNTY

FINANCIAL STATEMENTS

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY
Statement of Net Assets
September 30, 2009

Exhibit 1

	Primary Government
	Governmental
	Activities
ASSETS	
Cash	\$ 7,592,026
Property tax receivable	9,249,456
Accounts receivable (net of allowance for uncollectibles of \$1,451,794)	250,517
Fines receivable (net of allowance for uncollectibles of \$4,097,986)	2,158,298
Loans receivable (net of allowance for uncollectibles of \$374,698)	7,749
Intergovernmental receivables	142,736
Other receivables	153,749
Capital assets:	
Land and construction in progress	2,025,675
Other capital assets, net	36,806,445
Total Assets	<u>58,386,651</u>
LIABILITIES	
Claims payable	830,266
Intergovernmental payables	1,227,548
Accrued interest payable	5,256
Deferred revenue	9,249,456
Amounts held in custody for others	80,571
Claims and judgments payable	172,734
Long-term liabilities	
Due within one year:	
Capital debt	648,845
Non-capital debt	178,861
Due in more than one year:	
Capital debt	1,899,278
Non-capital debt	890,279
Total Liabilities	<u>15,183,094</u>
NET ASSETS	
Invested in capital assets, net of related debt	36,283,997
Restricted:	
Expendable:	
General government	160,288
Debt service	62,488
Public safety	345,349
Public works	1,621,293
Culture and recreation	38,348
Unrestricted	4,691,794
Total Net Assets	<u>\$ 43,203,557</u>

The notes to the financial statements are an integral part of this statement.

OKTIBBEHA COUNTY
Statement of Activities
For the Year Ended September 30, 2009

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 5,040,657	845,081	17,998	39,447	(4,138,131)
Public safety	4,500,458	627,977	195,459	85,381	(3,591,641)
Public works	3,960,844	669,586	569,686	95,745	(2,625,827)
Health and welfare	450,482		11,664	12,224	(426,594)
Culture and recreation	172,297				(172,297)
Education	198,165				(198,165)
Conservation of natural resources	122,542				(122,542)
Economic development and assistance	139,120				(139,120)
Interest on long-term debt	159,443				(159,443)
Total Governmental Activities	<u>14,744,008</u>	<u>2,142,644</u>	<u>794,807</u>	<u>232,797</u>	<u>(11,573,760)</u>
Total Primary Government	\$ <u>14,744,008</u>	<u>2,142,644</u>	<u>794,807</u>	<u>232,797</u>	<u>(11,573,760)</u>
General revenues:					
Property taxes				\$ 9,922,201	
Road & bridge privilege taxes				440,295	
Grants and contributions not restricted to specific programs				1,300,226	
Unrestricted interest income				237,994	
Miscellaneous				<u>253,421</u>	
Total General Revenues				<u>12,154,137</u>	
Changes in Net Assets				<u>580,377</u>	
Net Assets - Beginning				40,110,747	
Prior period adjustments				<u>2,512,433</u>	
Net Assets - Beginning, as restated				<u>42,623,180</u>	
Net Assets - Ending				\$ <u>43,203,557</u>	

The notes to the financial statements are an integral part of this statement.

OKTIBBEHA COUNTY
Balance Sheet - Governmental Funds
September 30, 2009

Exhibit 3

	Major Funds			Other	Total
	General	Countywide	Countywide	Governmental	Governmental
	Fund	Road Maintenance	Bridge and Culvert	Funds	Funds
		Fund	Fund		
ASSETS					
Cash	\$ 4,950,299	823,960	573,102	1,244,665	7,592,026
Property tax receivable	6,075,297	1,063,768	1,300,161	810,230	9,249,456
Accounts receivable (net of allowance for uncollectibles of \$1,451,794)				250,517	250,517
Fines receivable (net of allowance for uncollectibles of \$4,097,986)	2,158,298				2,158,298
Loans receivable (net of allowance for uncollectibles of \$374,698)				7,749	7,749
Intergovernmental receivables	142,736				142,736
Other receivables	29,458			124,291	153,749
Due from other funds		27,088	70,703	51,391	149,182
Total Assets	\$ 13,356,088	1,914,816	1,943,966	2,488,843	19,703,713
LIABILITIES AND FUND BALANCES					
Liabilities:					
Claims payable	\$ 550,883	151,652	7,488	120,243	830,266
Intergovernmental payables	1,227,548				1,227,548
Due to other funds	149,182				149,182
Deferred revenue	8,233,595	1,063,768	1,300,161	1,060,747	11,658,271
Amounts held in custody for others	80,571				80,571
Claims and judgment payable	172,734				172,734
Total Liabilities	10,414,513	1,215,420	1,307,649	1,180,990	14,118,572
Fund balances:					
Reserved for:					
Debt service				67,744	67,744
Loans receivable				7,749	7,749
Unreserved - undesignated, reported in:					
General Fund	2,941,575				2,941,575
Special Revenue Funds		699,396	636,317	1,232,360	2,568,073
Total Fund Balances	2,941,575	699,396	636,317	1,307,853	5,585,141
Total Liabilities and Fund Balances	\$ 13,356,088	1,914,816	1,943,966	2,488,843	19,703,713

The notes to the financial statements are an integral part of this statement.

OKTIBBEHA COUNTY

Exhibit 3-1

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets

September 30, 2009

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 5,585,141
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$53,798,234.	38,832,120
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,408,815
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,617,263)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(5,256)</u>
Total Net Assets - Governmental Activities	\$ <u>43,203,557</u>

The notes to the financial statements are an integral part of this statement.

OKTIBBEHA COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2009

	Major Funds			Other	Total
	General	Countywide	Countywide	Governmental	Governmental
	Fund	Road Maintenance	Bridge and Culvert	Funds	Funds
	Fund	Fund	Fund		
REVENUES					
Property taxes	\$ 6,477,694	1,135,348	1,357,084	952,075	9,922,201
Road and bridge privilege taxes		440,295			440,295
Licenses, commissions and other revenue	371,081	875	1,011	32,016	404,983
Fines and forfeitures	501,303			17,420	518,723
Intergovernmental revenues	1,250,528	616,487	4,412	456,403	2,327,830
Charges for services	139,880			1,410,616	1,550,496
Interest income	236,299			1,695	237,994
Miscellaneous revenues	105,244	95,793		9,605	210,642
Total Revenues	9,082,029	2,288,798	1,362,507	2,879,830	15,613,164
EXPENDITURES					
Current:					
General government	4,654,242			266,097	4,920,339
Public safety	3,443,103			1,147,582	4,590,685
Public works	31,928	2,401,019	1,473,186	986,867	4,893,000
Health and welfare	450,482				450,482
Culture and recreation	160,000			12,297	172,297
Education	198,165				198,165
Conservation of natural resources	119,208				119,208
Economic development and assistance	52,301			86,819	139,120
Debt service:					
Principal	116,284	398,762	93,462	120,404	728,912
Interest	44,867	30,257	10,275	68,788	154,187
Total Expenditures	9,270,580	2,830,038	1,576,923	2,688,854	16,366,395
Excess of Revenues over (under) Expenditures	(188,551)	(541,240)	(214,416)	190,976	(753,231)
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued		817,459	157,029		974,488
Proceeds from sale of capital assets	2,867		142,500		145,367
Total Other Financing Sources and Uses	2,867	817,459	299,529	0	1,119,855
Net Changes in Fund Balances	(185,684)	276,219	85,113	190,976	366,624
Fund Balances - Beginning	3,145,602	423,177	551,204	1,306,426	5,426,409
Prior period adjustments	(18,343)			(189,549)	(207,892)
Fund Balances - Beginning, as restated	3,127,259	423,177	551,204	1,116,877	5,218,517
Fund Balances - Ending	\$ 2,941,575	699,396	636,317	1,307,853	5,585,141

The notes to the financial statements are an integral part of this statement.

OKTIBBEHA COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2009

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 366,624
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$2,151,251 exceeded depreciation of \$1,203,855 in the current period.	947,396
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net gain of \$38,398 and the proceeds from the sale of \$ 145,367 in the current period.	(106,969)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(58,842)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(272,716)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt proceeds of \$974,488 exceeded debt repayments of \$728,912.	(245,576)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:	
Increase in compensated absences	(44,284)
Increase in accrued interest payable	<u>(5,256)</u>
Change in Net Assets of Governmental Activities	\$ <u><u>580,377</u></u>

The notes to the financial statements are an integral part of this statement.

OKTIBBEHA COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2009

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 254,891
Total Assets	<u>254,891</u>
	\$
LIABILITIES	
Amounts held in custody for others	\$ 222,157
Intergovernmental payables	<u>32,734</u>
Total Liabilities	<u>\$ 254,891</u>

The notes to the financial statements are an integral part of this statement.

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Oktibbeha County is a political subdivision of the State of Mississippi. The county is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Oktibbeha County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

Management has chosen to omit from these financial statements the following component unit which has a significant operational or financial relationship with the county. Accordingly, the financial statements do not include the data of this component unit necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- Oktibbeha County Hospital

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the county legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The county's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, fund financial statements and accompanying note disclosures, which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

The Statement of Net Assets presents the financial condition of the governmental activities of the county at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the county.

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

Fund Financial Statements:

Fund financial statements of the county are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

C. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the county. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Funds:

General Fund - This fund is used to account for all activities of the general government for which a separate fund has not been established.

Countywide Road Maintenance Fund - This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

Countywide Bridge and Culvert Fund - This fund is used to account for monies from specific revenue sources that are restricted for bridge and culvert maintenance.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the county, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

E. Deposits and Investments.

State law authorizes the county to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the county may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the county did not invest in any governmental securities during the fiscal year.

F. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

I. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets.

J. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net assets - Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved with unreserved classified as designated and undesignated.

Unreserved fund balance represents the amount available for budgeting future operations. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

K. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the county. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

L. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

M. Compensated Absences.

The county has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

(2) Changes in Accounting Standards.

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions* are applicable to the county for fiscal year ending September 30, 2009. See Note 12 for additional information related to other postemployment benefits offered by the county.

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

(3) Prior Period Adjustments.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities.

Explanation	Amount
To correct error in prior year claims and judgments	\$ (23,224)
To correct error in prior year fines receivable	2,217,140
To correct error in prior year deferred revenue	523,233
To correct error in prior year capital leases	(18,655)
To correct error in prior year loans receivable	(3,703)
To correct error in prior year loans payable.	3,908
To correct error in prior year compensated absences liability.	(5,301)
To correct error in prior year other payable	5,504
To correct error in prior year claims payable	(2,000)
To correct error for prior year unrecorded transactions	1,377
To correct error in prior year cash	152
To correct error in prior year cash	(34,253)
To reclassify agency funds reported in error as other governmental funds in prior prior year	(152,618)
To correct error for prior year unrecorded transactions	873
Total prior period adjustments	\$ 2,512,433

Exhibit 4 - Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Explanation	Amount
To correct error in prior year claims and judgments	\$ (23,224)
To correct error in prior year other payable	5,504
To correct error in prior year claims payable	(2,000)
To correct error for prior year unrecorded transactions	1,377
To correct error in prior year cash	152
To correct error in prior year loans receivable	(3,703)
To correct error in prior year cash	(34,253)
To reclassify agency funds reported in error as other governmental funds in prior year	(152,618)
To correct error for prior year unrecorded transactions	873
Total prior period adjustments	\$ (207,892)

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

(4) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2009, was, \$7,846,917, and the bank balance was \$8,428,914. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the county will not be able to recover deposits or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the county. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the county.

(5) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2009:

Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Countywide Road Maintenance	General	\$ 27,088
Countywide Bridge and Culvert	General	70,703
Other Governmental Funds	General	51,391
Total		<u>\$ 149,182</u>

The receivables represent the tax revenue and court revenue collected but not settled until October, 2009. All interfund balances are expected to be repaid within one year from the date of the financial statements.

(6) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2009, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 133,716
Reimbursement for housing prisoners	9,020
Total Governmental Activities	<u>\$ 142,736</u>

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

(7) Loans Receivable.

Loans receivable balances at September 30, 2009, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
Hewlett, Inc. # 2	06/06/94	6.00%	09/01/09	\$ 1,916
Hewlett Inc. # 3	10/20/95	6.00%	11/01/09	5,833
Global Aircraft	03/10/02	6.50%	06/01/17	374,698
Less: Allowance for doubtful loan				(374,698)
Total				\$ 7,749

*Global Aircraft filed bankruptcy in January 2008 and therefore no payments have been received in the year ended September 30, 2009. An allowance for doubtful loans has been set up to reflect the uncollectibility of this loan.

(8) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2009:

Governmental activities:

	Balance Oct. 1, 2008	Additions	Deletions	Adjustments*	Balance Sept. 30, 2009
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,016,013				1,016,013
Construction in progress	2,499,337	1,692,841		(3,182,516)	1,009,662
Total non-depreciable capital assets	3,515,350	1,692,841	0	(3,182,516)	2,025,675
<u>Depreciable capital assets:</u>					
Infrastructure	70,953,454			3,182,516	74,135,970
Buildings	6,322,637				6,322,637
Mobile equipment	6,991,041	301,381	226,727		7,065,695
Furniture and equipment	790,130		18,954	314,882	1,086,058
Leased property under capital leases	2,152,172	157,029		(314,882)	1,994,319
Total depreciable capital assets	87,209,434	458,410	245,681	3,182,516	90,604,679

OKTIBBEHA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2009

	Balance Oct. 1, 2008	Additions	Deletions	Adjustments*	Balance Sept. 30, 2009
<u>Less accumulated depreciation for:</u>					
Infrastructure	44,658,969	369,944			45,028,913
Buildings	2,144,794	102,225			2,247,019
Mobile equipment	4,746,020	427,965	122,042		5,051,943
Furniture and equipment	658,038	46,152	16,670	288,503	976,023
Leased property under capital leases	525,270	257,569		(288,503)	494,336
Total accumulated Depreciation	52,733,091	1,203,855	138,712	0	53,798,234
Total depreciable capital assets, net	34,476,343	(745,445)	106,969	3,182,516	36,806,445
Governmental activities capital assets, net	\$ 37,991,693	947,396	106,969	0	38,832,120

*Adjustments were made to transfer leased property under capital leases which were paid-off to other furniture and equipment. Adjustments were made to transfer construction in progress of roads and bridges completed during the fiscal year to infrastructure.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 129,952
Public safety	167,588
Public works	902,981
Conservation of natural resources	3,334
Total governmental activities depreciation expense	\$ 1,203,855

Commitments with respect to unfinished capital projects at September 30, 2009, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Superintendent of Education Building	\$ 1,971,309	August 2011
County Roads – Love Hill Road and Harrell Road	223,962	September 2010
County Road – Bluefield Road	259,312	September 2011
State Aid Road – Poorhouse Road	11,706	September 2010
State Aid Bridge – Oswalt Road Bridge	25,000	September 2011

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

(9) Commitment.

On October 2, 2000, the Oktibbeha County Board of Supervisors entered into an interlocal agreement with the City of Starkville in which they agreed to pay up to \$150,000 per year after the first two years towards the retirement of the \$855,000 Tennessee Valley Authority (TVA) loan made on September 29, 2000, to the Oktibbeha County Economic Development Authority to construct and equip a 42,000 square foot building to be leased to Service Zone ,Inc. After the first two years' payments, Oktibbeha County and the City of Starkville will each pay half of the payments to OCEDA, who makes the payments to TVA. The interest rate on this loan is 2.75%. This loan will mature on October 15, 2010. The remaining financial commitment to be paid to TVA by OCEDA is \$44,981, half of which will be paid by the county.

(10) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2009, to January 1, 2010. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The county finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the county retaining the risk of loss on all claims to which the county is exposed. Premium payments to the pool are determined on an actuarial basis. The county has reinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$40,000, and the aggregate policy covers all submitted claims in excess of \$1,000,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The following table provides changes in the balances of claims liabilities for fiscal years 2008 and 2009:

	2008	2009
Unpaid Claims, Beginning of Fiscal Year	\$ 165,432	188,656
Plus: Incurred Claims (Including IBNRs)	1,906,905	1,543,863
Less: Claims Payments	1,883,681	1,559,785
Unpaid Claims, End of Fiscal Year	\$ 188,656	172,734

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

(11) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2009:

Classes of Property		Governmental Activities
Mobile equipment	\$	157,029
Furniture and equipment		1,837,290
Total		1,994,319
Less: Accumulated depreciation		494,336
Leased Property Under Capital Leases	\$	1,499,983

The following is a schedule by years of the total payments due as of September 30, 2009:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2010	\$ 548,845	33,038
2011	468,103	16,139
2012	180,552	3,350
2013	623	14
Total	\$ 1,198,123	52,541

(12) Other Postemployment Benefits.

Plan Description

The Oktibbeha County Board of Supervisors administers the county's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The county's health insurance plan may be amended by the Oktibbeha County Board of Supervisors. The county provides health insurance coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool, and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the county has a postemployment healthcare benefit reportable under GASB Statement 45 as an agent multiple employer health care plan. However, the county has not recorded a liability for other postemployment benefits nor has the county reported the note disclosures which are required by accounting principles generally accepted in the United States of America. The county does not issue a publicly available financial report for the plan.

OKTIBBEHA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2009

(13) Long-term Debt.

Debt outstanding as of September 30, 2009, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
2001 road and bridge construction	\$ <u>1,350,000</u>	4.20/4.88%	3/1/2021
B. Capital Leases:			
3 Mack dump trucks	\$ 231,129	3.15%	7/10/2012
Vibbromax compactor	51,242	3.15%	7/10/2012
5 Mack trucks/tractors	95,873	3.12%	7/25/2010
Steelwheel compactor	87,480	3.12%	8/10/2012
County Extension copier and equipment	380	7.58%	11/10/2009
4 motorgraders	575,737	3.12%	10/1/2011
3 Kubota tractors and Alamo clippers	140,347	3.34%	5/1/2012
Ricoh HP printer	<u>15,935</u>	26.77%	11/1/2012
Total Capital Leases	\$ <u>1,198,123</u>		
C. Other Loans:			
Service Zone cap loan	\$ 257,977	5.66%	4/1/2016
Service Zone cap loan	261,652	5.66%	5/1/2016
Hewlett community development block grant	5,833	6.00%	11/1/2009
Hewlett community development block grant	1,916	6.00%	11/1/2009
Global Aircraft community development block grant	<u>374,732</u>	6.50%	6/1/2017
Total Other Loans	\$ <u>902,110</u>		

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2010	\$ 100,000	60,975	178,861	103,641
2011	100,000	56,725	107,389	41,855
2012	100,000	52,375	113,924	35,322
2013	100,000	47,925	120,858	28,388
2014	100,000	43,375	128,245	21,030
2015 – 2019	600,000	136,037	252,833	19,469
2020 – 2024	<u>250,000</u>	<u>12,187</u>		
Total	\$ <u>1,350,000</u>	<u>409,599</u>	<u>902,110</u>	<u>249,705</u>

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2009, the amount of outstanding debt was less than 1% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2009:

	Balance Oct. 1, 2008	Additions	Reductions	Adjustments*	Balance Sept. 30, 2009	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 117,445	44,284		5,301	167,030	
General obligation bonds	1,425,000		75,000		1,350,000	100,000
Capital leases	743,997	974,488	539,017	18,655	1,198,123	548,845
Other loans	1,020,913		114,895	(3,908)	902,110	178,861
Total	\$ 3,307,355	1,018,772	728,912	20,048	3,617,263	827,706

*Adjustments are to correct prior year errors in balances.

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Countywide Road Maintenance Fund, Countywide Bridge and Culvert Fund, E911 and Reappraisal Maintenance Fund.

(14) Contingencies.

Federal Grants - The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the county. No provision for any liability that may result has been recognized in the county's financial statements.

Litigation - The county is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the county with respect to the various proceedings. However, the county's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the county.

Hospital Revenue Bond Contingencies - The county issues revenue bonds to provide funds for constructing and improving capital facilities of the Oktibbeha County Hospital. Revenue bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the county remains contingently liable for the retirement of these bonds because the county has pledged the avails of a five mill levy in the case of default by the hospital. The principal amount of hospital revenue bonds outstanding at September 30, 2009, is \$13,830,000.

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

(15) Related Organizations.

The Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Oktibbeha County Economic Development Authority, but the county's accountability for this organization does not extend beyond making the appointments. During the year, the county did not appropriate any funds to this organization.

The Board of Supervisors is responsible for appointing the members of the board of the Central Drainage District, but the county's accountability for this organization does not extend beyond making appointments. During the year, the county did not appropriate any funds to this organization.

(16) Joint Ventures.

The county participates in the following joint ventures:

Oktibbeha County is a participant with the City of Starkville in a joint venture, authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate the Oktibbeha County Library. The joint venture is governed by ten members, five appointed by each government. By contractual agreement, the county's appropriation to the joint venture was \$160,000 in the fiscal year 2009. Complete financial statements for the Oktibbeha County Library can be obtained from 326 University Drive, Starkville, MS 39759.

Oktibbeha County is a participant with the City of Starkville in a joint venture, authorized by Section 61-5-39, Miss. Code Ann. (1972), to operate the George M. Bryan Field (airport). The joint venture is governed by seven members, three appointed by each government and one appointed by Mississippi State University. The county's appropriation to the joint venture was \$31,928 in the fiscal year 2009.

Oktibbeha County is a participant with the Counties of Choctaw, Clay, Lowndes, Noxubee and Webster, and the Cities of Ackerman, Columbus, Eupora, Louisville, Macon, Starkville and West Point in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Golden Triangle Regional Solid Waste Management Authority. The joint venture was created to provide a regional disposal site for solid waste. The Oktibbeha County Board of Supervisors appoints one of the 38 members of the board of directors. The authority is funded by user fees based on the volume of solid waste. Complete financial statements for the Golden Triangle Regional Solid Waste Management Authority can be obtained from P.O. Drawer DN, Mississippi State, MS 39762.

(17) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

East Mississippi Community College operates in a district composed of the Counties of Clay, Kemper, Lauderdale, Lowndes, Noxubee and Oktibbeha. The Oktibbeha County Board of Supervisors appoints two of the 12 members of the college board of trustees. The county appropriated \$731,482 for maintenance and support of the college in fiscal year 2009.

Golden Triangle Planning and Development District operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Oktibbeha County Board of Supervisors appoints four of the 28 members of the board of directors. The county contributes a small percentage of the district's total revenue. The county appropriated \$50,000 for support of the district in fiscal year 2009.

Golden Triangle Regional Airport Authority operates in a district composed of Counties of Lowndes and Oktibbeha and the Cities of Columbus, Starkville and West Point. The Oktibbeha County Board of Supervisors appoints one of the five members of the board of commissioners. The county provided no financial support for the authority in fiscal year 2009.

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

Community Counseling Services operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Oktibbeha County Board of Supervisors appoints one of the seven members of the board of commissioners. The county appropriated \$45,441 for support of the agency in fiscal year 2009.

Prairie Opportunity, Inc. operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Oktibbeha County Board of Supervisors appoints one of the 21 board members. One board member from each of the counties must come from the private sector (recipient of services), and one member from each county must come from the community. These 14 members are not appointed by the county Board of Supervisors. The counties generally provide no financial support to the organization.

Mississippi Regional Housing Authority IV operates in a district composed of the Counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Oktibbeha County Board of Supervisors appoints one of the nine board members. The counties generally provide no financial support to the organization.

(18) Defined Benefit Pension Plan.

Plan Description. Oktibbeha County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2009 was 12% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2009, 2008 and 2007 were \$600,576, \$579,457 and \$536,924, respectively, equal to the required contributions for each year.

(19) Subsequent Events

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Funding</u>	<u>Source of Financing</u>
10/14/2009	3.00 / 4.125%	\$ 21,000,000	General Obligation Bonds	Ad valorem taxes
09/30/2010	2.00 / 4.00%	6,500,000	General Obligation Bonds	Ad valorem taxes
05/15/2011	3.34%	58,349	Capital lease	Ad valorem taxes
05/15/2011	3.34%	67,299	Capital lease	Ad valorem taxes

OKTIBBEHA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

OKTIBBEHA COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 6,704,298	6,313,851	6,313,851	
Licenses, commissions and other revenue	319,000	364,306	364,306	
Fines and forfeitures	423,000	512,586	512,586	
Intergovernmental revenues	1,431,275	1,246,701	1,246,701	
Charges for services	250,000	133,558	133,558	
Interest income	350,000	238,345	238,345	
Miscellaneous revenues	52,500	96,010	96,010	
Total Revenues	<u>9,530,073</u>	<u>8,905,357</u>	<u>8,905,357</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	6,308,242	4,598,600	4,598,600	
Public safety	3,405,528	3,437,573	3,437,573	
Public works	32,000	31,928	31,928	
Health and welfare	434,417	451,327	451,327	
Culture and recreation	164,000	160,000	160,000	
Education	197,500	189,650	189,650	
Conservation of natural resources	130,265	111,932	111,932	
Economic development and assistance	215,438	66,883	66,883	
Debt service:				
Principal		160,743	160,743	
Interest		40,578	40,578	
Total Expenditures	<u>10,887,390</u>	<u>9,249,214</u>	<u>9,249,214</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(1,357,317)</u>	<u>(343,857)</u>	<u>(343,857)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		6,077	6,077	
Compensation for loss of capital assets		11,266	11,266	
Other financing uses	(1,500)	(5,558)	(5,558)	
Total Other Financing Sources and Uses	<u>(1,500)</u>	<u>11,785</u>	<u>11,785</u>	<u>0</u>
Net Change in Fund Balance	(1,358,817)	(332,072)	(332,072)	0
Fund Balances - Beginning	<u>1,358,817</u>	<u>1,358,817</u>	<u>3,522,213</u>	<u>2,163,396</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>1,026,745</u>	<u>3,190,141</u>	<u>2,163,396</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

OKTIBBEHA COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
Countywide Road Maintenance Fund
For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,151,501	1,144,544	1,144,544	
Road and bridge privilege taxes	400,000	474,011	474,011	
Licenses, commissions and other revenue		875	875	
Intergovernmental revenues	628,500	616,487	616,487	
Miscellaneous revenues		9,821	9,821	
Total Revenues	<u>2,180,001</u>	<u>2,245,738</u>	<u>2,245,738</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	3,583,833	2,423,245	2,423,245	
Debt service:				
Principal		398,763	398,763	
Interest		30,257	30,257	
Total Expenditures	<u>3,583,833</u>	<u>2,852,265</u>	<u>2,852,265</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(1,403,832)</u>	<u>(606,527)</u>	<u>(606,527)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Compensation for loss of capital assets		85,972	85,972	
Other financing uses		(690)	(690)	
Total Other Financing Sources and Uses	<u>0</u>	<u>85,282</u>	<u>85,282</u>	<u>0</u>
Net Change in Fund Balance	(1,403,832)	(521,245)	(521,245)	0
Fund Balances - Beginning	<u>1,403,832</u>	<u>1,403,832</u>	<u>1,345,203</u>	<u>(58,629)</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>882,587</u>	<u>823,958</u>	<u>(58,629)</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

OKTIBBEHA COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
Countywide Bridge and Culvert Fund
For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,338,955	1,327,621	1,327,621	
Licenses, commissions and other revenue	1,000	1,011	1,011	
Intergovernmental revenues	6,000	4,412	4,412	
Total Revenues	<u>1,345,955</u>	<u>1,333,044</u>	<u>1,333,044</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	1,839,296	1,500,011	1,500,011	
Debt service:				
Principal		93,461	93,461	
Interest		10,276	10,276	
Total Expenditures	<u>1,839,296</u>	<u>1,603,748</u>	<u>1,603,748</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(493,341)</u>	<u>(270,704)</u>	<u>(270,704)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued		157,029	157,029	
Proceeds from sale of capital assets		142,500	142,500	
Other financing uses		(789)	(789)	
Total Other Financing Sources and Uses	<u>0</u>	<u>298,740</u>	<u>298,740</u>	<u>0</u>
Net Change in Fund Balance	(493,341)	28,036	28,036	0
Fund Balances - Beginning	<u>493,341</u>	<u>493,341</u>	<u>545,066</u>	<u>51,725</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>521,377</u>	<u>573,102</u>	<u>51,725</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

OKTIBBEHA COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2009

A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The county's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

	Governmental Fund Types		
	General Fund	Countywide Road Maintenance Fund	Countywide Bridge and Culvert Fund
Budget (Cash Basis)	\$ (332,072)	(521,245)	28,036
Increase (Decrease)			
Net adjustments for revenue accruals	90,258	(42,911)	29,464
Net adjustments for expenditure accruals	56,130	840,375	27,613
GAAP Basis	\$ (185,684)	276,219	85,113

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY

SPECIAL REPORTS

OKTIBBEHA COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors
Oktibbeha County, Mississippi

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Oktibbeha County, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the county's basic financial statements and have issued our report thereon dated September 1, 2011. Our report includes an adverse opinion on the aggregate discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component unit. The report is qualified on the governmental activities because the county did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oktibbeha County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 09-1, 09-2, 09-3, 09-4 and 09-5 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the county's internal control.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 09-1, 09-2, 09-3, 09-4 and 09-5 to be material weaknesses.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oktibbeha County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Oktibbeha County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated September 1, 2011, included within this document.

Oktibbeha County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Oktibbeha County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

September 1, 2011



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Oktibbeha County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Oktibbeha County, Mississippi, as of and for the year ended September 30, 2009. Our study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures as we considered necessary in the circumstances.

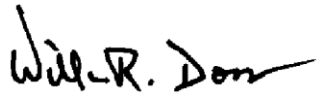
The Board of Supervisors of Oktibbeha County, Mississippi, is responsible for establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). The Board of Supervisors of Oktibbeha County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Oktibbeha County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements.

The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned study and evaluation of the purchasing system and, in our opinion, is fairly presented when considered in relation to that study and evaluation.

This report is intended for use in evaluating the central purchasing system and inventory control system of Oktibbeha County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Will R. Doss". The signature is fluid and cursive, with a long horizontal stroke at the end.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

September 1, 2011

OKTIBBEHA COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder

For the Year Ended September 30, 2009

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
8/27/09	Soil cementing	\$ 50,600	Malouf Construction	\$ 49,046	Lowest bidder's work has not been satisfactory in the past.

OKTIBBEHA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2009

Schedule 2

Our test results did not identify any emergency purchases.

OKTIBBEHA COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2009

Our test results did not identify any purchases made noncompetitively from a sole source.

OKTIBBEHA COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Oktibbeha County, Mississippi

In planning and performing our audit of the financial statements of Oktibbeha County, Mississippi for the year ended September 30, 2009, we considered Oktibbeha County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Oktibbeha County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 1, 2011, on the financial statements of Oktibbeha County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Chancery Clerk.

1. Finding

Section 9-1-43(1), Miss. Code Ann. (1972), limits the compensation of the Chancery Clerk to \$90,000 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. All fees received in excess of this amount, less any allowable expenses, are to be deposited by the clerk into the county's General Fund on or before April 15th for the preceding calendar year. The Chancery Clerk did not pay the fees received in excess of the \$90,000 salary limitation for the 2006 and 2008 calendar years to the county's General Fund. The excess fees for the 2006 and 2008 calendar years are \$6,697 and \$7,432, respectively. Failure to settle excess fees, results in a loan to the Chancery Clerk that is not authorized by law and the loss of public funds for these excess fees as well as lost interest earnings.

Recommendation

The Chancery Clerk should settle these fees received in excess of \$90,000 for the 2006 and 2008 calendar years to the General Fund as required by law. In the future, the Chancery Clerk should settle any excess fees by the April 15th deadline as required by law.

Chancery Clerk's Response

2008 in the process of remittance. 2006 will be remitted to county as soon as possible.

2. Finding

Section 7-7-221, Miss. Code Ann. (1972), requires the Clerk of the Board of Supervisors to publish a synopsis of the annual audit report as soon as possible after receipt of the report. The Chancery Clerk shall forward a copy of the published synopsis to the State Auditor. The 2007 audit report was released on July 11, 2008. The Chancery Clerk has not published a synopsis of the annual report. If the synopsis is not published accordingly, the State Auditor is authorized to prepare the synopsis and have it published in accordance with Section 7-7-221 at cost to the county.

Recommendation

The Chancery Clerk should publish a synopsis of the annual audit report when the report is received and forward the synopsis to the State Auditor.

Chancery Clerk's Response

I will publish audit in time required in the future and will publish 2007 audit ASAP.

Board of Supervisors and Chancery Clerk.

3. Finding

Section 19-3-40, Miss. Code Ann. (1972), gives the Board of Supervisors the authority to enter into a contract. The Chancery Clerk contracted a company for the lease purchase of a printer. However, the Board of Supervisors assumed the liability of this debt. The Chancery Clerk has no authority to enter into a lease purchase agreement. Furthermore, Section 75-17-101, Miss. Code Ann. (1972), limits the interest a county can pay on debt to a maximum rate of 11%. The actual interest rate for the lease purchase of this printer is 26.77%, resulting in the county exceeding the interest limit authorized by state law; and therefore, paying excess interest amounts of \$7,440.

Recommendation

The Board of Supervisors, rather than the Chancery Clerk, should enter a contract. Furthermore, the interest rate should not exceed the maximum rate of 11%.

Board of Supervisors' Response

The Board of Supervisors and the County Administrator are aware of this rate, and should not have signed this agreement. We assure the Audit Department that this will not happen in the future.

Chancery Clerk's Response

I will ensure all future leases are approved and executed by the Board of Supervisors.

Tax Assessor-Collector.

4. Finding

Sections 27-35-143 through 27-35-149, Miss. Code Ann. (1972), prescribe the procedures to be followed for making changes in assessments. As reported in the last three years' audit reports, The Tax Assessor-Collector made changes in assessments without prior approval from the Board of Supervisors. Failure to follow proper procedures increases the potential for changes in assessments to be made for improper reasons.

Recommendation

The Tax Assessor-Collector should comply with the approval provisions of the law before making assessment changes.

Tax Assessor-Collector's Response

The Tax Assessor-Collector chose not to respond.

5. Finding

Section 27-49-1, Miss. Code Ann. (1972), requires the Tax Assessor-Collector to present to the Board of Supervisors at its meeting on the first Monday of October in each year, a report of all insolvent and delinquent taxpayers in the county, with the amount due from each. As reported in the last three years' audit reports, the Tax Assessor-Collector did not present the required report to the Board of Supervisors. Failure to comply with the law could result in the loss of public funds.

Recommendation

The Tax Assessor-Collector should present to the Board of Supervisors the report of insolvent and delinquent taxpayers each year as required by statute.

Tax Assessor-Collector Response

The Tax Assessor-Collector chose not to respond.

The Mississippi Office of the State Auditor has taken exception to certain costs. The details of the exception and disposition is as follows:

Exception Issued On:

Monica W. Banks, Chancery Clerk

Nature of Exception:

See Chancery Clerk Finding # 1 described in this report.

Amount of Exception:

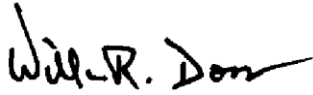
\$14,129

Disposition of Exception:

This matter has been turned over to the Investigative Division of the Office of the State Auditor.

Oktibbeha County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Will-R. Doss". The signature is written in a cursive, slightly slanted style.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

September 1, 2011

OKTIBBEHA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2009

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental activities | Qualified |
| | Discretely presented component unit | Adverse |
| | General Fund | Unqualified |
| | Countywide Road Maintenance Fund | Unqualified |
| | Countywide Bridge and Culvert Fund | Unqualified |
| | Aggregate remaining fund information | Unqualified |
| 2. | Internal control over financial reporting: | |
| a. | Material weaknesses identified? | Yes |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

Board of Supervisors.

Significant Deficiency – Material Weakness

09-1. Finding

Generally accepted accounting principles require the financial data of the county's component unit to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component unit. As reported in the prior year's audit report, the financial statements do not include the financial data for the county's legally separate component unit. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component unit.

Recommendation

The Board of Supervisors should provide the audited financial data for its discretely presented component unit for inclusion in the county's financial statements.

Board of Supervisors' Response

The Board will provide the financial data for any discretely presented component unit to be in the county's future financial statements.

OKTIBBEHA COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2009

Significant Deficiency – Material Weakness

09-2. Finding

Oktibbeha County provides health insurance coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool, and offers health insurance benefit coverage through the county's health insurance plan. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the county has a postemployment healthcare benefit reportable under GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as an agent multiple employer health care plan. GASB Statement No. 45 requires the county to report on an accrual basis the liability associated with other postemployment benefits. However the county has not recorded a liability for other postemployment benefits, nor has the county reported the note disclosures which are required by accounting principles generally accepted in the United States of America. The failure to properly follow generally accepted accounting principles resulted in a qualified opinion on the governmental activities. The county does not issue a publicly available financial report for their health insurance plan.

Recommendation

The Board of Supervisors should have an actuarial valuation performed annually so that a liability for other postemployment benefits can be recorded and the appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.

Board of Supervisors' Response

The Board relies on MPEEBT to provide sound actuarial valuation annually. If this information is not sufficient, the Board will provide whatever the Department of Audit desires.

Significant Deficiency – Material Weakness

09-3. Finding

A critical aspect of effective financial management is the preparation of accurate financial statements. As reported in the prior two years' audit reports, management did not have personnel who possessed the necessary skills and training to prepare financial statements in accordance with generally accepted accounting principles. Due to the fact county personnel lacked the skills and training to apply generally accepted accounting principles in preparing its financial statements, the risk of reporting inaccurate information has increased.

Recommendation

The Board of Supervisors should establish adequate controls and procedures to ensure that financial transactions are recorded, presented and disclosed in accordance with generally accepted accounting principles.

Board of Supervisors' Response

The Board will accept auditor prepared financial statements, and will approve prior to their issuance.

OKTIBBEHA COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2009

Significant Deficiency – Material Weakness

09-4. Finding

An effective system of internal control over financial statement preparation and reporting in accordance with generally accepted accounting principles should include the proper classification of funds in the financial statements and reporting correct amounts for revenues, expenditures, assets, liabilities, fund balances and net assets. We noted the following deficiencies in the prior year financial statements:

- a. Fines receivable totaling \$2,217,140 were omitted from the Statement of Net Assets.
- b. Deferred revenue on the Statement of Net Assets was overstated by \$523,233 due to including amounts for Accounts Receivable, net as deferred revenue in error.
- c. Claims and judgments liability was overstated on the Balance Sheet and Statement of Net Assets by \$23,224 due to reporting the September 30, 2007 balance in the financial statements instead of the September 30, 2008 balance.
- d. Long-term debt was understated on the Statement of Net Assets by \$18,655 due to the omission of a capital lease.
- e. Cash and fund balance was overstated on the Balance Sheet and Statement of Net Assets by \$34,253 due to one fund being reported as an Agency Fund and also reported as an Other Governmental Fund.
- f. Assets and fund balance for Other Governmental Funds were overstated by \$152,618 on the Balance Sheet and Statement of Net Assets due to Agency Funds being reported in error as Other Governmental Funds. The corresponding activity for these funds was also reported in error as revenues and expenditures in Other Governmental Funds.
- g. Several other asset and liability accounts were also reported at incorrect amounts on the Balance Sheet and Statement of Net Assets.

Failure to implement adequate controls over the financial statement preparation and reporting process, resulted in inaccurate amounts being reported in the county's financial statements for the fiscal year ended September 30, 2008. Audit adjustments to correct the effects of these errors on the beginning fund balances and net asset balances for the 2008-2009 fiscal year were proposed to management and made to the financial statements with management's approval.

Recommendation

The Board of Supervisors should implement a system of internal control over financial statement preparation and reporting in accordance with generally accepted accounting principles to ensure the proper classification of funds in the financial statements and the reporting of correct amounts for revenues, expenditures, assets, liabilities, fund balances and net assets.

Board of Supervisors' Response

The Board will implement a system of internal control over financial statement preparation and reporting. The control necessary has to address contract audits. Most of the findings addressed were discussed with the contract auditors and should have been corrected at the time of the audit; however, this was not done. The Board's staff will be more diligent with the next contract auditors to ensure that the correct amounts for revenues, expenditures, assets, liabilities, fund balances, and net assets are reported.

OKTIBBEHA COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2009

Tax Assessor-Collector.

Significant Deficiency – Material Weakness

09-5. Finding

An effective system of internal control over tax collections should include an adequate separation of duties, the maintenance of and reconciliation of records documenting daily collections and adequate physical safeguards over cash collections. Controls were inadequate over cash. Cash collection and disbursement functions were not adequately separated for effective internal controls. As reported in the last three years' audit reports, the following deficiencies were noted:

- a. The bookkeeper and assistant bookkeeper collected money as well as performed recording and disbursing functions.
- b. The assistant bookkeeper also added the receipts and made the bank deposit.
- c. The safe was left unlocked during the day. Duplicate keys to the cash drawers were not adequately secured.
- d. The check-up sheet to verify the daily collection was not completed until after the deposit was made.
- e. Mobile home ad valorem taxes were collected down the hall from the tax office by one individual without any physical oversight.
- f. Each clerk balanced their own cash drawer without the oversight of another clerk.
- g. The Tax Assessor-Collector was frequently absent from the office making it difficult for the auditors to obtain needed information and reducing oversight of the staff.

We also noted these additional deficiencies in the current fiscal year:

- h. There was not sufficient cash at September 30, 2009 to make the September settlement because road and bridge privilege taxes were over settled by \$67,462.
- i. The daily cash sheets for January, 2009, were not available for test work.
- j. Decals were not adequately safeguarded
- k. Credit slips were not processed correctly since they cannot be traced through the system.

Failure to implement adequate controls over the collection, recording and disbursement functions as well as implementing necessary physical safeguards could result in the loss of public funds.

Recommendation

The Tax Assessor-Collector should ensure that there is an adequate separation of duties in the collecting, recording and settlement functions. She should also ensure that records documenting daily collections are properly maintained and reconciled to the daily deposits and that controls are in place to properly safeguard cash collections.

Tax Assessor-Collector's Response

The Tax Assessor-Collector chose not to respond.